GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:70
ANSWERED ON:04.03.2005
FINANCE COMMISSION REPORT
Owaisi Shri Asaduddin;Yaskhi Shri Madhu Goud

Will the Minister of FINANCE be pleased to state:

(a) whether the Union Government has accepted the recommendations of the 12th Finance Commission into;

(b) if so, the details thereof;

(c) whether massive share of resources is likely to go to States in the form of debt relief and waivers;

(d) if so, the estimated amount earmarked by Union Government to States for maintenance of roads, buildings, environment and heritage conservation;

(e) the total amount likely to be disbursed to States from Central share during 2004-05;

(f) whether Union Government have received any suggestions from the States on the recommendations of the report; and

(g) if so, the details with the response of the Union Government thereto?

Answer

FINANCE MINISTER (SHRI P. CHIDAMBARAM)

a) to g): A Statement is laid on the table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (g) OF LOK SABHA STARRED QUESTION NO.70 FOR ANSWER ON 4th MARCH. 2005

Parts (a) to (g) Government of India has accepted the recommendations of the Twelfth Finance Commission(TFC) relating to share of States in Union taxes and duties, grants-in-aid under Article 275(1), debt rescheduling at 7.5% rate of interest and debt relief to States. Other non-ftnancial recommendations will be examined in due course.

TFC has recommended total estimated transfer of Rs.6,13,112.02 crore to States as share of States in the net proceeds of all shareable Union taxes and duties and has recommended grants amounting to Rs.1,42,639.60 crore, aggregating to a total transfer of Rs.7,55, 751.62 crore to the States over the five year period 2005-10.

TFC has estimated relief in interest payments of Rs.21,276 crore, lower repayments by Rs. 11,929 crore and loan waiver of Rs.32,199 crore if all the States take necessary action to enact fiscal responsibility legislation, eliminate revenue deficit and meet other specified conditions as per TFC recommendations.

The grants-in-aid for maintenance of Roads and Bridges, Public Buildings, Forests and Heritage conservation for the five year period 2005-10 is Rs. 15,000 crore, Rs.5000 crore, Rs.1000 crore and Rs.625 crore respectively.

Revised estimates of State`s share in Union taxes and duties in FY 2004-05 are Rs.78,617 crore.

The Union Government has not received any suggestions on the recommendations of the TFC.